

WILLIAM R. GRACE'S CAREER.

Continued from First Page.

Mary. She left Callao and was only eleven days and was at the bottom of the sea.

You will see from his account which was published in Lima that it is a great swindle; that she never was intended to go around Cape Horn; that she was an old, rusty vessel, and that she had been sold to us as a good ship, but her owners, Lewis & Co., by bribery got her passed and sent her to sea, intending to lose her and get the insurance. I understand that she got \$5,000 advance money, her crew were paid \$1,000, and Boston and London Owners paid in said ship.

In case of ship Washington, I believe, condemned and sold at a mere nominal price, G. & Co. were her owners, and when she was taken to Callao, she was sold to Mr. Lewis & Co. and her cargo stored in the bark Mary, which afterward went through the three of sailing for Europe and went to the bottom of the ocean in fifteen days after sailing. Bryce, Grace & Co. are now in a position to sue for damages, and can count upon the influence of Mr. Meiggs of Lima, who has great influence with this Government, and therefore they can carry out any suit successfully.

I would like to have a trial, and if you can't better send some one to Callao and you can get any quantity of evidence about her, it is well known that it is a regular swindle, that she is.

The American ship Boston, Captain Hayward, with a cargo of guano, bound to Cork for orders, arrived at Callao on Oct. 15, 1879. The crew were all sick and were carried in Payaso, and it appears it was a compensated set of the captain to sink his ship, not having taken provisions for a long voyage, and landed as soon as possible at Callao. The ship will be tried, as the case is too plain. The ship was lost Nov. 15th December. There are insurance made in New-York, Boston and London.

Lima, Peru, 21st January, 1870.

G. ELLIOT.

(British) Lloyd's Agent.

INVESTIGATING THE LOSS OF THE SHIP.

Captain Augustus Meyers was sent to Peru by the New-York underwriters to make the investigation and report particularly on the case of the ship Mary. He arrived at Payao, Peru, March 9, 1870, when he found that the crew of the vessel, which had arrived in a long-boat, had been sent to sea immediately by Mr. Lewis, the ostensible owner, in another vessel. Two of the crew, however, named Rhodes and Anderson, appeared before the captain of the Port and made affidavit that the captain, Hayward, and his first mate, Dunn, had wilfully destroyed the ship. Captain Meyers then went to Callao to continue his investigations. Charles H. Lay was United States Vice-Counsel at Callao at the time, and assisted Captain Meyers in the investigation. The following are extracts from the report sent to the Board of Underwriters in this city:

Mrs. Lay told me herself that she, with Mr. and Mrs. Lewis, had visited the Mary previously, and Mr. Lewis, and that in a conference with Mr. Lewis he told me that he could not charter on the cargo, then on board, as he had no idea what the ship would ever get round the Horn, but that he could not let the cargo companies be paid and was able to stand it." Mr. G. Jones, ship-chandler at Callao, but \$250 ahead of the ship would never reach her destination. Upon asking him the ground of his opinion, he said it was the unseaworthy nature of Callao on account of the unseaworthy nature of the vessel and the unknown safety of the owners. He said that this was the fourth insured vessel that had gone lost.

Lay also said that he was largely indebted to the firm of Bryce, Grace & Co. and they had an advance of \$6,000 more or less on the freight. This Mr. Grace afterward corroborated and said that the ship was insured in the Union Mutual Insurance Company of San Francisco, of which himself was the agent at Callao.

Captain Meyers states further in his report that Lewis boasted that "he would get all out of the way who would testify against him," and that he succeeded in doing so. Meyers said his life was in danger, and he was actually assaulted by some unknown person and rescued by some naval officers. He was confined to his room several days from the effect of a wound which he received. A Mr. O'Connor, living there, attempted to bribe him with an offer of \$5,000 if he would retract in favor of Lewis. Captain Meyers concludes his report by stating that no repairs were made on the vessel by her present owners, that she was "provisionally amply off a bill from Bryce, Grace & Co. to be true"; that the "provisions and salts were taken from her and transferred to the Rose Standard"; that the captain of the Mary had a bad record and was in the employ of Henry Meiggs; that he had been in the Confederate Navy, but only as a misnomer, and was not a competent navigator; that the laws were violated by chartering the Mary to carry the cargo to Europe, as she was a condemned vessel, and had previously been used as a store-ship; that Lewis, the alleged owner, had close business relations with Mr. Grace, to whom he owed a great deal of money for advances and otherwise; and that the owners of the Mary had had similar losses and claims against insurance companies, and that they had made efforts to get away in case of extreme necessity in a foreign port, where the owners are not present or have no correspondent, and are without other means of credit at that port. In some instances in which these bonds were issued to Callao to a member of Mr. Grace's house at high rates of interest, it was shown that the vessels were either wholly or in part owned by W. R. Grace himself. The vessels, being in their home ports, it is alleged that these could have been no necessity for the bonds and that they were placed on the vessels to extort enormous rates of interest from the insurance companies and the owners of the cargoes. Bottomy or respondentia bonds are only issued in cases of extreme necessity in a foreign port, where the owners are not present or have no correspondent, and are without other means of credit at that port.

The witnesses to this report of Mr. Meyers were Charles H. Lay, Vice-Counsel, and his wife; O. S. Jones and John Wardie, of the firm of Jones & Co.; Mr. Weinhardt, of the firm of Weinhardt & Co.; William Travis, skipper of the Rose Standard; Captain Japins, of the British Lloyd's; Captain Jones, of the Peruvian Navy; Josiah Harris, civil engineer; Alexander Raden, president of South American Insurance Company, and others.

MR. GRACE'S CONNECTION WITH THE MATTER.

From this report, made by the agent of the underwriters, and from other evidence, it appears that the ship Mary had been condemned as unseaworthy, and had for years been used as a store-ship in the harbor of Callao. This was a fact well known there. Owing to the fact that other condemned vessels had been sent to sea with guano and lost, the Peruvian Congress had passed a law against the use of such vessels. Lewis, the alleged owner of the Mary, was a person of exceedingly bad reputation, who formerly lived in California, where his ears were clipped by a vigilance committee for horse-stealing or some other crime, and he was forced to leave the country, carrying this mark with him.

These facts about the Mary and her ostensible owner, Lewis, were well known in Callao, and it seems incredible that they should have escaped the notice of W. R. Grace, the agent for the underwriters. Yet it is established that Mr. Grace placed a large amount of insurance on the vessel; that he took out one policy in his own name on the Mary; that his brother took out another in his name; that the firm of Bryce, Grace & Co. provisioned the vessel, according to their own bills, to the extent of some \$11,000, taking insurance policies as security; and that Mr. Grace's cashier, Manuel Flagonio, who is still with a "merchant," ostensibly loaned some \$12,500 on the cargo of the "good-ship" Mary, for which he took a respondentia bond or mortgage at a high rate of interest, secured also by insurance.

PECULIAR BUSINESS METHODS AT CALLAO.

The following letters from the United States Vice-Counsel at Callao to persons in this city throw some light on the methods of doing business at Callao:

UNITED STATES CONSULATE, CALLAO,
April 22, 1871.

DEAR SIR: Your letter of May 15, 1870, came to hand, and contents noted. I have made some inquiries in reference to bark Huron of Captain Japins, who was very reticent, but I have learned that he was a man of good character and a good sailor, and that he had 20,000 dollars on his account.

There is a wide award of an American ship at Callao who has a very bad record, which Mr. Grace made out to be a man of good character, and he was not a competent navigator; that the laws were violated by chartering the Mary to carry the cargo to Europe, as she was a condemned vessel, and had previously been used as a store-ship; that Lewis, the alleged owner, had close business relations with Mr. Grace, to whom he owed a great deal of money for advances and otherwise; and that the owners of the Mary had had similar losses and claims against insurance companies, and that they had made efforts to get away in case of extreme necessity in a foreign port, where the owners are not present or have no correspondent, and are without other means of credit at that port.

The following letter from Vice-Counsel Lay has reference to some of these transactions:

COURT OF COMMON PLEAS,
FOR THE STATE OF NEW YORK.

In the matter of the application of William R. Grace to be admitted a citizen of the United States.

STATE OF NEW YORK, 1870.

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The following letter is from a well-known merchant in Callao:

CALLAO, July 28, 1871.

DEAR SIR: More marine disasters! The ship Seaweed of New York, owned jointly by W. R. Grace and myself, and also by a third party, was recently captured by pirates at Callao, and was sold to them.

Mr. Grace was chartered to load guano during the stay of our vessel at Callao, after many ineffectual attempts to sell her. The underwriters were compelled to release her to him, and he sold her to a third person to load guano at Callao, and the underwriters paid him the premium.

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